

# **Kentucky Agricultural Development Board**

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## ***Minutes of the October 20, 2006 Board Meeting***

The Kentucky Agricultural Development Board meeting was held on **October 20, 2006 at 1:15 PM EDT**, in Rooms L2 and L3 of the Kentucky International Convention Center in Louisville, KY. Commissioner Richie Farmer, presiding, called the meeting to order, and the Secretary called the roll.

### **Roll Call**

#### ***Members Present***

Donna Amburgey; H. H. Barlow; Vickie Yates Brown; John Cleaver; Rodney Dick; Commissioner Richie Farmer; Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)

#### ***Members with Excused Absences***

Governor Ernie Fletcher

#### ***Others Present***

**Staff** - Catherine Ball, Angela Blank, Brian Furnish, Todd Harp, Tim Hughes, Christi Marksbury, Bill McCloskey, Joel Neaveill, Keith Rogers, Nick Whobrey, Stephen Yates

**Guests** – George Gagel, Jefferson County Agricultural Development Council; Dewayne Ingram, University of Kentucky Horticulture Department; Rebekah Grace, Rebekah Grace Foods & Supplements; David King, Allied Food Marketers West; Robert Amburgey, Montgomery County Agricultural Development Council

### **Notification of Media**

Commissioner Farmer received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Kentucky Agricultural Development Board monthly board meeting.

### **Welcome**

Commissioner Farmer welcomed everyone to the Kentucky Agricultural Development Board meeting.

### **Approval of Minutes**

Dean Scott Smith moved to approve the minutes of the September 15, 2006 meeting as presented: Jim Mahan seconded the motion. The motion passed without dissent.

### **Executive Director's Report**

Keith Rogers reported on the Oversight Committee meeting. He stated that there was very little discussion over last month's projects. There were a few questions on PIC from Representative

Comer. Mr. Rogers informed the committee on the meeting he had with PIC a week before the Oversight Committee meeting. PIC has decided not to pay the loan off and honor the current contract. Their first payment will be due on August 1, 2007. They have provided the necessary reports to our office and we have asked for other documentation. They are in compliance and up to date on reporting. The company has earned \$15,000 to \$20,000 in forgiveness.

Mr. Rogers called on Tim Hughes for an update on the Kentucky Agricultural Finance Corporation (KAFC). Mr. Hughes referred to the handout in the update folder for the loan activity since the October meeting. (Handout on file with Board Secretary) In addition to pending applications, KAFC is expecting three more projects for the November meeting for a total of \$300,000 in projects. There was conversation about Farmer's Livestock in Glasgow. Mr. Lyon Hutcherson, owner, has talked with Mr. Hughes and other staff members about potential funding. There was discussion about how the community needs this project and how it is against Agricultural Development Board Policy to fund stockyards. An idea brought to the table was for the company to bring in additional investors help with funding. Mr. Hughes also updated the Board on the Kentucky Specialty Grains project. The timelines and benchmarks have been set for the project and the KAFC Board would like to see this project go forward for funding at the December meeting.

Mr. Rogers stated that the RFP for the Owensboro facility was closed on October 2, 2006. There was only one proposal received and the Board will be sent a letter to let them know the outcome.

Mr. Rogers briefly discussed the Status of Accounts handout with the Board (on file with Board Secretary). There were additional agri-tourism projects for funding at the current meeting and at the December meeting. There were few Farmers' Market projects for the year. The large portion of funding came out of the education and leadership section, which will be over budgeted by about \$2.5 million. The Phase II dollars are current and this amount will be paid out to producers. Administrative costs will not be clear until the first of year and staff will update the numbers at that time.

Mr. Rogers touched on the November planning session. He referred to the tentative agenda in the update folder (on file with the Board Secretary). He stated that the Planning Committee met by conference call on October 2 and established the agenda for the meeting. The Planning Committee included a couple of key issues to work on such as Energy Policy, County Funds, Reporting and Compliance and KCADE to name a few.

Mr. Rogers turned the floor over to Brian Furnish to talk about the Kentucky Grocers Association meeting. Mr. Furnish explained this was the first ever event held in Lexington. There were legislators in attendance and all the food was Kentucky Proud. Some of the vendors included Thornton's, Houchens and AWG. The goal was to introduce some vendors to the Kentucky Proud program and get the program into their stores. These goals were met and Mr. Furnish commended Allied Food Marketers West for what they have done with the Kentucky Proud program. Commissioner Farmer commended the Board for giving the Kentucky Department of Agriculture the grant to make this event and the program happen.

## **Old Business**

### ***Kentucky West Nursery***

Mr. Rogers updated the Board on Kentucky West Nursery Cooperative (KWNC). KWNC is wrapping up their closing on the Cooperative. Mr. Rogers referred to the handouts for the numbers on the closing to date (handouts on file with the Board Secretary). Mr. Rogers has encouraged them to get all of their money into their accounts in the next 20-30 days. KWNC had a

meeting the week before the KADB meeting and voted Valerie Neal, Bill Green and Jamie Potts as their dissolution committee. These individuals are in complete control of the business. KWNC is not able to close down yet, but they hope to wrap up the process by December. The money from KWNC will go into a 1300 restrictive account and our office will have to request authority to use the funds. Mr. Rogers will bring this issue back to the Board in December for recommendations.

## **New Business**

### ***Referral of November Projects<sup>1</sup>***

Mr. Rogers presented projects A2006-0414 to A2006-00430 for referral to the Board's November meeting for review. John Cleaver moved that projects A2006-0320 to A2006-0381 be referred for November review; Mr. Mahan seconded the motion. The motion passed without dissent.

### ***Approval of Model Programs<sup>2</sup>***

Commissioner Farmer submitted projects requesting funds for county model programs. Mr. Cleaver moved the said applications be approved for the named model programs; Donna Amburgey seconded the motion. The motion passed without dissent.

### ***Requested Amendments<sup>3</sup> and Withdrawals<sup>4</sup>***

Mr. Rogers presented five requested amendments for approval. H.H. Barlow moved that said amendments be approved; Don Goodin seconded the motion. The motion passed without dissent.

Catherine Ball presented a memo on behalf of the program administrator of A2003-0277 Hay, Straw and Commodity Storage and A2004-0098 Farm Livestock Fencing Improvement Program in Boyle County. The administrator transferred \$28,724.17 from the A2003-0277 to A2004-0098 without applying for an amendment. Staff recommends the board approval of this transfer so the programs may be closed out.

Rodney Dick moved to approve the transfer of funds; Mrs. Amburgey seconded the motion. The motion passed without dissent.

Stephen Yates presented an amendment from the Bullitt County Cattlemen's Association, Inc. requesting an additional \$10,000 in Bullitt County funds to be added to application A2005-0561. Funds being requested would be used to address the large number of producers who qualified for the program but were shut out due to lack of funds.

Mr. Mahan moved to that A2005-0561 be approved for an additional \$10,000 in Bullitt County funds; Sam Moore seconded the motion. The motion passed without dissent.

Todd Harp presented an amendment from the Southeast Kentucky Agriculture Cooperative (SEKAC) requesting an amendment to the original agreement (A2002-0474) in order to establish another acceptable marketing arrangement for Cumberland Farm Products. The

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<sup>1</sup> A detailed list of the referred projects is attached as Appendix A.

<sup>2</sup> A detailed list of projects funded under each model program category is attached as Appendix B.

<sup>3</sup> A detailed list of requested amendments approved is attached as Appendix C.

<sup>4</sup> A detailed list of requested withdrawals approved is attached as Appendix D.

Board of Directors of SEKAC requests permission to remove Cumberland Farm Products, Inc. from management or operational capacity in regards to the wholesale facility. The wholesale facility will be owned by SEKAC and operated by a lessee who will be at the full discretion of the SEKAC Board of Directors and its members.

Mr. Dick moved to approve the amendment to the original agreement (A2002-0474) for SEKAC; Mr. Lawson seconded the motion. The motion passed without dissent.

Todd Harp presented a withdrawal request from the Kentucky-Tennessee Poultry Growers Association, Inc. for application A2006-0407 for Agricultural Diversification funds in the amount of \$29,000 in Clinton County funds.

***Recommendations for Funding***

Bill McCloskey presented A2006-0289, **Logan County Agricultural Extension Foundation, Inc.** Logan County Agricultural Extension Foundation Inc. requests \$20,000 in Logan County funds and \$20,000 in State funds under the 2006 Farmers' Market Competitive Awards program, for a total of \$40,000. This money will be used to complete the Logan County Farmers' Market previously funded with \$120,000 in Agricultural Development Funds. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Wayne Hunt moved that **A2006-0289 be approved for \$20,000 in Logan County funds and \$20,000 in State funds, as a part of the Farmers' Market Competitive Grant Program, for a total of \$40,000;** Mr. Barlow seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0337, **Kentucky Horticulture Council, Inc.** Kentucky Horticulture Council, Inc. requests \$2,484,700 in State funds to continue to support the growth of horticulture as a profit center on family farms through on-farm demonstrations and assistance, product and production system development, market development and market sustainability. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2006-0337 be approved for \$2, 484,700 in State funds;** Mr. Mahan seconded the motion.

**A roll call vote was called.** Donna Amburgey – No; H.H. Barlow – No; Vickie Yates Brown – Yes; John Cleaver – No; Rodney Dick – No; Dennis Griffin – No; Wayne Hunt – Yes; Sam Lawson – Yes; Jim Mahan – Yes; Wayne Mattingly – Yes Sam Moore – Yes; Don Goodin – Yes The motion passed. (7/5) *Dean Smith abstained from voting since a portion of the funds will be going to the University of Kentucky College of Agriculture.*

Nick Whobrey presented A2006-0353, **Bennett's Mill Farm, LLC.** Bennett's Mill Farm, LLC requests \$50,000 in State funds as a part of the Agri-tourism Competitive Awards program to remodel a tobacco barn and build a commercial-grade kitchen. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Mr. Goodin moved that **A2006-0353 be approved for \$50,000 in State funds as a part of the Agri-tourism Competitive Awards program;** Mr. Lawson seconded the motion. The motion passed without dissent.

Todd Harp presented A2006-0362, **Southern & Eastern Kentucky Tourism Development.**

Southern & Eastern Kentucky Tourism Development requests \$50,000 in State funds as a part of the Agri-tourism Competitive Awards program to promote agri-tourism ventures in their region. Mr. Harp reviewed the proposed terms and conditions for the project.

Mr. Dick moved that **A2006-0362 be approved for \$50,000 in State funds as a part of the Agri-tourism Competitive Awards program**; Dean Smith seconded the motion. The motion passed without dissent.

Nick Whobrey presented A2006-0370, **Farm Haven, LLC.** Farm Haven, LLC requests \$50,000 in State funds as a part of the Agri-tourism Competitive Awards program to construct a sugar shack. Mr. Whobrey reviewed the proposed terms and conditions for the project.

Dennis Griffin moved that **A2006-0370 be approved for \$50,000 in State funds as a part of the Agri-tourism Competitive Awards program**; Mr. Dick seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0372, **Beech Spring Farm.** Beech Spring Farm requests \$50,000 in State funds as a part of the Agri-tourism Competitive Awards program to purchase a large cooler and install a certified kitchen at their on-farm market. Mr. Yates reviewed the proposed terms and conditions for the project.

Sam Moore moved that **A2006-0372 be approved for \$50,000 in State funds as a part of the Agri-tourism Competitive Awards program**; Mr. Mahan seconded the motion. The motion passed without dissent.

Stephen Yates presented A2006-0402, **Metro Development Authority.** Metro Development Authority requests \$100,000 in State funds as a part of the Farmers' Market Competitive program to conduct a feasibility study /business plan for a state of the art agricultural goods and marketing facility in downtown Louisville. Mr. Yates reviewed the proposed terms and conditions for the project.

Mr. Mahan amended the motion to state that funds will be provided on a reimbursement basis; Mr. Moore seconded the amendment. The amendment passed without dissent.

Mr. Mahan moved that **A2006-0402 be approved for \$75,000 in State funds as a part of the Farmers' Market Competitive Awards program**; Mr. Moore seconded the motion. The motion as amended passed without dissent.

Todd Harp presented A2006-0408, **City-County Fair Association, Inc.** City-County Fair Association, Inc. requests \$15,000 in Cumberland County funds to continue to support the growth of horticulture as a profit center on family farms through as a part of the \$88,000 project to finish construction on a permanent marketing facility. Mr. Harp reviewed the proposed terms and conditions for the project.

Mr. Lawson moved that **A2006-0408 be approved for \$15,000 in Cumberland County funds**; Dean Smith seconded the motion. The motion passed without dissent.

Bill McCloskey presented A2006-0410, **Hancock County Fiscal Court.** Hancock County Fiscal Court requests \$13,640 in Hancock County funds and \$13,640 in State funds, for a total of \$27,280, as a part of the Farmers' Market Competitive Awards program. This money will

be used to construct a permanent Farmers' Market facility in Hancock County. Mr. McCloskey reviewed the proposed terms and conditions for the project.

Mr. Moore moved that **A2006-0410 be approved for \$13,640 in Hancock County funds and \$13,640 in State Funds, for a total of \$27,280, as a part of the Farmers' Market Competitive Awards program**; Wayne Mattingly seconded the motion. The motion passed without dissent.

Break for KY Proud products

### **Recommendations for Pending Funding**

The following applications were discussed, but no action was taken: Jackson Purchase Resource Conservation & Development Foundation, Inc. (A2006-0401); Hopkins County Conservation District (A2006-0405); Carlisle County Fiscal Court (A2006-0406); South-Central Kentucky Ethanol, LLC (A2006-0411); and Maysville Community & Technical College System (A2006-0413).

### **Recommendations for Deferred Funding**

Stephen Yates presented A2006-0412, **Allied Food Marketers West, Inc.** Allied Food Marketers West, Inc. requests \$1,900,00 in State funds to continue their marketing and business development model for Kentucky producers with an additional focus on natural and organic producers. (Refer to handouts on file with Board Secretary)

### **Other Business**

Mr. Rogers reminded the Board that October 25 was the deadline for recommendations for changes in 2007 to be submitted to staff for the planning meeting.

Mr. Rogers also announced the hiring of the new administrative assistant, Stacia Alford. Stacia will start on November 1, 2006.

### **Closing Remarks**

The next meeting of the Kentucky Agricultural Development Board will convene at 8:30 AM EST on Thursday, November 16 at the Buckhorn Lake State Park in Buckhorn, KY. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

Mr. Mahan moved to adjourn the meeting; Mr. Goodin seconded the motion. The motion passed without dissent. The meeting adjourned at 3:53 PM EDT.

**APPROVED:** \_\_\_\_\_

**PRESIDING OFFICER:** \_\_\_\_\_

**SECRETARY:** \_\_\_\_\_

## APPENDIX A: New Applications for Referral

App #	Applicant	Request Type
A2006-0414	Caldwell-Lyon Cattlemen's Association, Inc.	Project
A2006-0415	Fort Harrod Goat Association, Inc.	Goat & Sheep Diversification
A2006-0416	Daviess County Conservation District	Swine Diversification
A2006-0417	Owensboro Biotech Alliance, Inc.	Project
A2006-0418	Mimi's Kitchen, LLC	Project
A2006-0419	Harrison County Beef Cattle Association, Inc.	Cattle Genetics Improvement
A2006-0420	Green River Area Development District	Agricultural Diversification
A2006-0421	Owsley County Conservation District	Agricultural Diversification
A2006-0422	Owsley County Conservation District	Cattle Handling Facilities
A2006-0423	Nelson County Beef Cattle Association, Inc.	Cattle Genetics Improvement
A2006-0424	Mercer County Fair & Horse Show, Inc.	Project
A2006-0425	Jessamine County Sheep & Goat Producers, Inc.	Goat & Sheep Diversification
A2006-0426	Jessamine County Sheep & Goat Producers, Inc.	Agricultural Diversification
A2006-0427	Central Kentucky Growers Association, Inc.	Project
A2006-0428	Steeles Creek Blackberries	Project
A2006-0430	Kentucky Goat Producers Association, Inc.	Project

## APPENDIX B: Model Programs Recommended for Approval

**Agricultural Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0420	Green River Area Development District	Daviess	\$22,710.00
A2006-0421	Owsley County Conservation District	Owsley	\$105,000.00
			<b>\$127,710.00</b>

**Cattle Genetics Improvement**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0419	Harrison County Beef Cattle Association, Inc.	Harrison	\$52,500.00
A2006-0423	Nelson County Beef Cattle Association, Inc.	Nelson	\$40,000.00
			<b>\$92,500.00</b>

**Cattle Handling Facilities**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0422	Owsley County Conservation District	Owsley	\$52,500.00
			<b>\$52,500.00</b>

**Goat & Sheep Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0415	Fort Harrod Goat Association, Inc.	Mercer	\$45,000.00
			<b>\$45,000.00</b>

**Swine Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2006-0416	Daviess County Conservation District	Daviess	\$5,000.00
			<b>\$5,000.00</b>

Total County Funds Recommended for Approval in Model Programs: **\$322,710.00**

## **APPENDIX C: Requested Amendments-Projects & Programs**

**App #** A2006-0243  
**Applicant Name** Mercer County Conservation District  
**Amount Approved** \$40,000.00  
**Date** June 16, 2006  
**Requested Change** The applicant requests an additional \$18,050.00 for the *Hay, Straw & Commodity Storage* Program. The request received a high priority from the Mercer County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$58,050.00.  
**Recommendation** Approval

**App#** A2006-0232  
**Applicant Name** Caldwell-Lyon Cattlemen's Association, Inc.  
**Amount Approved** \$25,000.00  
**Date** June 16, 2006  
**Requested Change** The applicant requests an additional \$6,000.00 for the *Technology* Program. The request received a high priority from the Caldwell County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$31,000.00.  
**Recommendation** Approval

**App#** A2006-0218  
**Applicant Name** Buffalo Trace Area Development District  
**Amount Approved** \$100,000.00  
**Date** June 16, 2006  
**Requested Change** The applicant requests an additional \$50,000 for the *Farm Livestock Fencing Improvement* Program. The request received a high priority from the Fleming County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$150,000.00.  
**Recommendation** Approval

**App#** A2006-0297  
**Applicant Name** Lewis County Conservation District  
**Amount Approved** \$50,000.00  
**Date** July 21, 2006  
**Requested Change** The applicant requests an additional \$54,431 for the *Hay Handling Pilot* Program. The request received a high priority from the Lewis County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$104,431.00.  
**Recommendation** Approval

## ***APPENDIX C: Requested Amendments-Projects & Programs***

<b>App#</b>	<b>A2006-0298</b>
<b>Applicant Name</b>	<b>Lewis County Conservation District</b>
Amount Approved	\$12,123.00
Date	July 21, 2006
Requested Change	The applicant requests an <u>additional</u> \$26,300 for the <i>Cattle Genetics Improvement</i> Program. The request received a <u>high</u> priority from the Lewis County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$38,423.00.
Recommendation	Approval